



Contents

1. Asset Management Industry. General Overview	2
2. CII Asset Management Market Results	3
<i>2.1. Number of AMCs and CIIs</i>	3
<i>2.2. Regional Breakdown of AMCs & CIIs</i>	5
<i>2.3. Assets and Net Assets of CIIs</i>	7
<i>2.4. Net Capital Flow in Open-Ended CII</i>	9
<i>2.5. CII Investors</i>	11
<i>2.6. CII Asset Structure</i>	13
<i>2.7. Rates of Return: CIIs and Other Areas of Investment</i>	17
3. Summary	18



1. Asset Management Industry. General Overview

Number of Market Participants

Asset Management Companies (AMCs)

In Q2 2020, according to UAIB, the number of asset management companies did not change - **297**. During this period, no AMC was either created or liquidated.

At the end of June, 278 AMCs managed between one and 52 funds, and more than 98% of all such AMCs managed at least one venture CII.

Collective Investment Institutions (CII)

In April-June 2020, 50 new CII were registered. Considering the closed funds, as of June 30, 2020, the total number of **registered CII** increased to **1971**, by 2.3% for the quarter.

The number of **CII that reached the minimum assets standard** (formed, "established" funds) increased for the eleventh consecutive quarter - to **1396** (+ 2.9% for Q2).

Non-State Pension Funds (NPFs)

The number of NPFs under management as of June 30, 2020 remained equal to **60** (excluding the NBU corporate fund), including 48 open, 6 corporate and 6 professional funds. A total of 34 AMCs managed NPF assets.

Insurance Companies (IC)

The number of insurance companies that transferred their assets to AMC management did not change in Q2 2020, as did the number of AMCs that provided the following services: as of June 30, 2020, one such company managed the assets of **two** insurance companies.

Assets under Management and NAV

All Institutional Investors

Total total assets under AMC management **grew by 2.8%** in Q2 2020 (by 11.3% in the last 12 months) and reached **UAH 377,182 million** at the end of June.

Collective Investment Institutions (CII)

The **total assets of all CII under management**, including those that have not yet reached the standard, also grew by 2.8% in Q2 2020, and by 6.2% since the beginning of the year, to **UAH 375,201 million**. The annual growth in June accelerated to + 11.2%.

As of June 30, 2020, the **assets of existing CII, which reached the minimum assets standard** ("established" CII) ratio, amounted to **UAH 370,998 million**. In Q2 2020, they grew by 4.0%, and in the last year - by 12.7%. Growth was recorded in all sectors of CII by types of funds and methods of placement, except for closed-end CII with private placement (except for venture funds), but again venture funds (+ 4.1% for the quarter, + 13.7% for the year) provided the basis for growth of industry assets.

The **total net asset value of the formed CII** as of June 30, 2020 reached **UAH 289,685 million**. In Q2 it grew by 5.6%, since the beginning of the year - by 10.9%, and for the last 12 months - by 13.7%.

Non-State Pension Funds (NPFs)

In Q2 2020, NPF assets managed by AMC accelerated growth almost threefold to 9.2% (up to 19.9% over the year). As of June 30, 2020, they reached **UAH 1,805 million**.

Insurance Companies (IC)

The assets of the IC under AMC management continued to grow at double-digit rates: + 19.9% for Q2 (+ 69.5% for the annual period). At the end of June 2020, they reached **UAH 157 million**.

2. CII Asset Management Market Results

2.1. Number of AMCs and CIIs

During Q2 2020, the Ukrainian asset management industry of institutional investors maintained a growth trend - mainly due to an increase in the number of funds.

In April-June, according to UAIB, 50 new CII were registered (after 40 in January-March). Considering the funds that closed during this quarter, as of the end of June the total number of registered CII increased to 1971 (+ 2.3% for Q2, after + 1.9% for Q1).

The number of **formed CII, which reached the minimum asset standard**, grew in the 11th consecutive quarter, and reached **1397¹** (+40 funds, or + 2.9% in Q2

2020, after + 2.3% in Q1). During April-June, 44 new CII were recognized as having taken place (after 39 in the previous quarter), 42 of which were venture CII, including 40 - CIF, which reached the minimum assets at the same time as state registration. The rest are two venture UIFs and two closed-end qualifying CIFs.

At the same time, the number of operating asset management companies in April-June did not change and as of 30.06.2020, as in March, in Ukraine, according to UAIB, there were **297** AMCs (Chart 1)².

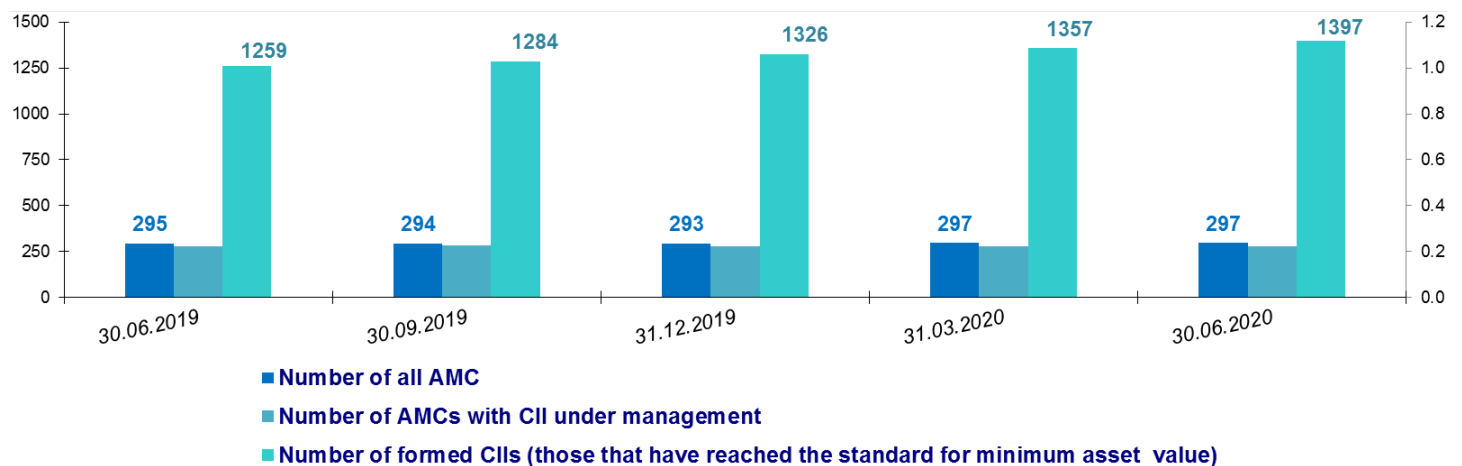


Chart 1. Dynamics of number of AMC and CII in Q2 2019-2020

At the end of June, there were 278 companies that managed the funds (279 in March), of which more than 98% managed at least one venture CII. In general, in mid-2020, these AMCs had between one and 52 funds under management (after 53 in March).

In June 2020, there were already 534 active venture CIFs formed - 15.6% more than at the beginning of the year and almost 36% more than a year ago (Table 1). Venture UIFs, despite a decrease of 4 in Q2, in June remained more than half of all established CII (743) - 53.2% (after 55.0% in March). The weight of venture funds continued to grow - from 91.2% to 91.4% in Q2 (Chart 2). In June 2020, there were a total of 1,277 venture CII (+ 3.2% in Q2).

In other sectors, it decreased by one fund among closed-end non-diversified CIFs (except venture) and the

same UIFs. Instead, after a long break, two closed-end qualifying CIFs entered the market. Thus, in Q2 they doubled, and over the last year their number increased from 1 to 4.

Funds that have not yet reached the minimum asset size, among all CIIs managed by AMC, as of 30.06.2020 were 48 (3.3% of all CII managed, as in March). In the process of liquidation, according to UAIB, at the end of March 2020, 74 funds remained or started, or 5.3% of all recognized and operating CII (in March - 84 funds, 6.2%). Among them were: 2 open-ended, 3 interval and 3 closed-end diversified UIFs, 6 closed-end non-diversified UIFs and three similar CIFs, 54 venture UIFs and three CIFs.

¹ According to updated data.

² At the time of writing, UAIB also included 15 non-state pension fund administrators, including 13 companies that combine this activity with asset management and have already been members of the Association. UAIB received

the official status of association of professional stock market participants and SRO for the second type of professional activity - the activity of administration of private pension funds after the relevant registration with the NSSMC on August 27, 2020. In the future, the Association will supplement its analytical materials with data on the activities of NPF administrators.

Table 1. Dynamics of number of CII that have reached compliance with standards, by types and legal forms in Q2 2019-2020

Date/Period	Total	UIF*										CIF*		
		O*	Os*	I*	Is*	CD*	CNN*	Cs*	Cq*	CV*	I*	CNN*	Cq*	
30.06.2019	1259	12	7	18	3	3	28	1	1	743	49	1	393	
30.09.2019	1284	12	7	17	3	3	27	1	2	744	47	2	419	
31.12.2019	1326	12	7	17	3	3	27	1	2	745	45	2	462	
31.03.2020	1357	12	7	17	3	3	27	1	2	747	46	2	490	
30.06.2020	1397	12	7	17	3	3	26	1	2	743	45	4	534	
Q2 2020 Change	40	0	0	0	0	0	-1	0	0	-4	-1	2	44	
	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%	-3.7%	0.0%	0.0%	-0.5%	-2.2%	100.0%	9.0%	
YTD 2020	71	0	0	0	0	0	-1	0	0	-2	0	2	72	
	5.4%	0.0%	0.0%	0.0%	0.0%	0.0%	-3.7%	0.0%	0.0%	-0.3%	0.0%	100.0%	15.6%	
Annual change	138	0	0	-1	0	0	-2	0	1	0	-4	3	141	
	11.0%	0.0%	0.0%	-5.6%	0.0%	0.0%	-7.1%	0.0%	100.0%	0.0%	-8.2%	300.0%	35.9%	

* O – open-ended diversified, Os – open-ended specialized, I – interval diversified, Is – interval specialized, CD – closed-end diversified, CNN – closed-end non-diversified non-venture, Cs – closed-end specialized, Cq – closed-end qualified, CV – closed-end non-diversified venture CII.

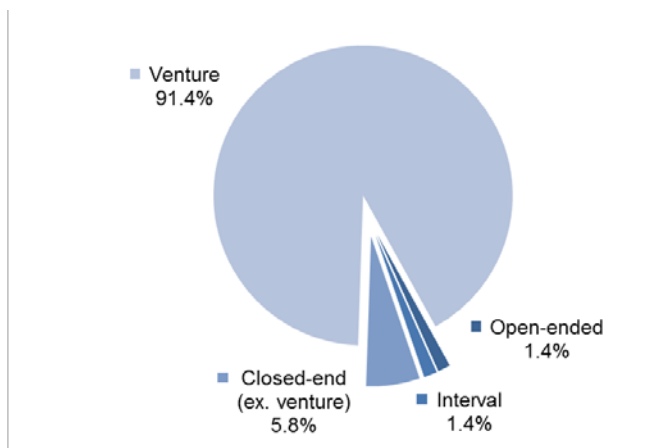


Chart 2. CII that have reached compliance with standards, by fund types as at 30.06.2020

As of the end of June 2020, according to UAIB, there were **82 CIIs with public issue** - one closed-end non-diversified fund less than in March. (-1.2, Table 2).

The number of AMCs managing CII with public issue in Q2 2020 was 34, as at the beginning of the year (in March - 35). There were 11 of them left in the open-ended CII sector (excluding AMCs of liquidated funds - 10).

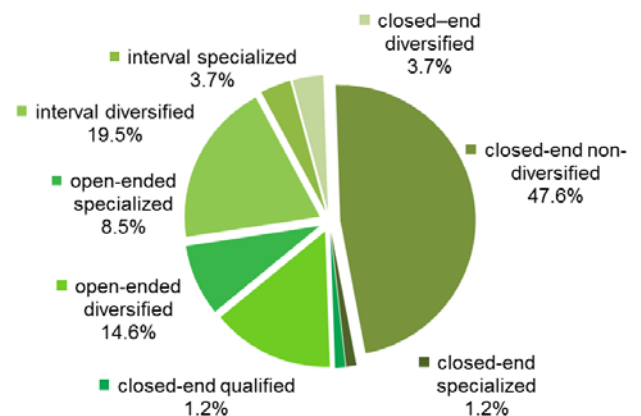


Chart 3. CII with public issue as at 30.06.2020

Table 2. Dynamics of number of CII with public issue in Q2 2019-2020

CII Type	Total	Open-ended			Interval			Closed-end				
		D*	S*	Total	D*	S*	Total	D*	N*	Q*	S*	Total
30.06.2019	86	12	7	19	17	3	20	3	42	1	1	47
30.09.2019	84	12	7	19	16	3	19	3	41	1	1	46
31.12.2019	81	12	7	19	16	3	19	3	38	1	1	43
31.03.2020	83	12	7	19	16	3	19	3	40	1	1	45
30.06.2020	82	12	7	19	16	3	19	3	39	1	1	44
Q2 2020 Change	-1	0	0	0	0	0	0	0	-1	0	0	-1
	-1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-2.5%	0.0%	0.0%	-2.2%
YTD 2020	1	0	0	0	0	0	0	0	1	0	0	1
	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	0.0%	0.0%	2.3%
Annual change	-4	0	0	0	-1	0	-1	0	-3	0	0	-3
	-4.7%	0.0%	0.0%	0.0%	-5.9%	0.0%	-5.0%	0.0%	-7.1%	-	0.0%	-6.4%

* D - diversified, S - specialized, N - non-diversified, Q - qualified.

There were **33 diversified and specialised CII with public issue**, which reported for Q2 2020, same as in Q1 (Table 3). The quantitative distribution of funds by asset classes in this period remained the same as in Q1 (Chart 4). The composition of classes changed only for equity funds and mixed investment funds, which "exchanged" one fund each because of changes in the structure of their assets for Q2 2020.

There were four equity funds: the same one open-ended and two interval CII as in March, and another open-end, which then belonged to the class of mixed investments. Together, equity funds held 12.1% of all diversified and specialized CII with public offering.

The bond funds were the same four open and one interval as at the beginning of Q2. Together, they accounted for 15.2% of the sector.

There were 20 mixed investment funds left in June, one of which was replaced by the former interval fund. As of 30.06.2020, 8 open, 10 interval and two closed CII are included in this class. Together, this is 60.6% of all diversified and specialized CII with public placement.

In June 2020, other funds that did not fall into any of the above classes had the same three open-end and one interval CII (12.1% of the sector).

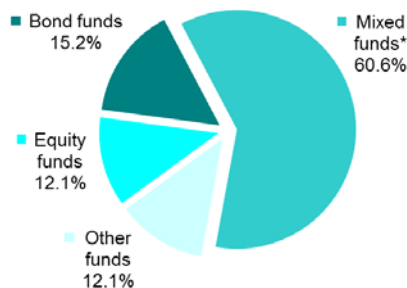


Chart 4. Diversified CII with public issue by fund types as at 30.06.2020

Table 3. Dynamics of diversified CII with public issue by fund types (according to asset structure) in Q2 2019-2020

Date/Period	Total	Equity funds	Bond funds	Mixed funds*	Other funds
30.06.2019	33	5	3	22	3
30.09.2019	33	5	5	21	2
31.12.2019	33	6	3	23	1
31.03.2020	33	4	5	20	4
30.06.2020	33	4	5	20	4
Q2 2020 Change	0	0	0	0	0
	0.0%	0.0%	0.0%	0.0%	0.0%
YTD 2020	0	-2	2	-3	3
	0.0%	-33.3%	66.7%	-13.0%	300.0%
Annual change	0	-1	2	-2	1
	0.0%	-20.0%	66.7%	-9.1%	33.3%

* Funds that have equities, and bonds, and cash in their portfolios.

2.2. Regional Breakdown of AMCs & CII

In the total number of **asset management companies**, amounted to 297, at the end of June 2020, there were 210 AMCs operating in Kyiv and the capital region (Chart 5). During Q2 in this region, as well as in Ukraine as a whole, AMC was neither created nor liquidated. The market share of Kyiv and the region in terms of the number of companies, respectively, did not change - 70.7%.

Among the other regions in the TOP-5 in terms of AMC in April-March 2020, there were also no changes: in the Dnipro and Kharkiv and their regions - 19 companies each, in Lviv and region - 9, in Odessa - 8. In other regions of Ukraine, the number AMC remained equal to 31, and their share - 10.4%.

The **number of CII under management** in Kyiv and the region in Q2 2020 increased from 1,017 to 1,054 funds (+ 3.6%), and in Ukraine as a whole - by 3.2%. Accordingly, the weight of the capital region according to this indicator rose further - from 72.4% in March to 72.7% in June (Chart 6). And the share of Lviv and the region grew the most - from 5.5% to 5.9%, thanks to 8 additional funds (+ 10.4%).

The weight of the other largest CII regions decreased in Q2. Kharkiv and the region - from 6.2% to 6.0%, with the same number of funds here. The share of Dnipro and the region decreased from 6.5% to 6.3%, as the number of CII in management here increased only from 91 to 92.

In the regions outside the TOP-5 funds also decreased by one to 90. Their weight decreased from 6.5% in March to 6.2% in June. At the same time, one additional fund, which appeared in the Zaporizhia region in April-June, kept its share at 2%.

In the distribution of **CII assets under management** by regions in Q2 2020, the total share of the TOP-5 regions remained at 97.6%. however, the share of Kyiv increased from 80.4% to 81.2%. This was due to an increase in assets under management in the capital region by UAH 13 billion. (4.4%). The share of Kharkiv and the region also increased - from 4.7% to 5.0%, which was accompanied by an increase in assets in this region by 10.0%. In contrast, in Dnipro and the region, assets under management decreased by 7.5%, which led to a decline in the region's weight from 5.9% to 5.3%. In Lviv, the situation was similar: -7.9% of the total value of CII assets under management and a decrease in their share in all-Ukrainian - from 4.8% to 4.2%.

The share of other regions outside the leaders as a whole remained almost unchanged in April-June (2.4%). In Odesa and the region, assets increased by only 1.3%, so their weight fell slightly within 0.7%. In the Donetsk region, CII assets decreased by 5.5% in Q2, which reduced their regional share from 0.5% to 0.4%.

In contrast, in Kropyvnytskyi and Ivano-Frankivsk, assets increased by 16.6% and 7.0%, respectively.

However, with a relatively small amount of assets in these regions, the weight of each of them in the total assets of funds under management in Ukraine increased insignificantly and remained within 1% in both.

In general, in Q2 2020, the regional concentration of CII asset management increased in terms of the number of funds and their assets under management, in particular in Kyiv and the region.



Chart 5. Regional breakdown of the number of AMCs as at 30.06.2020

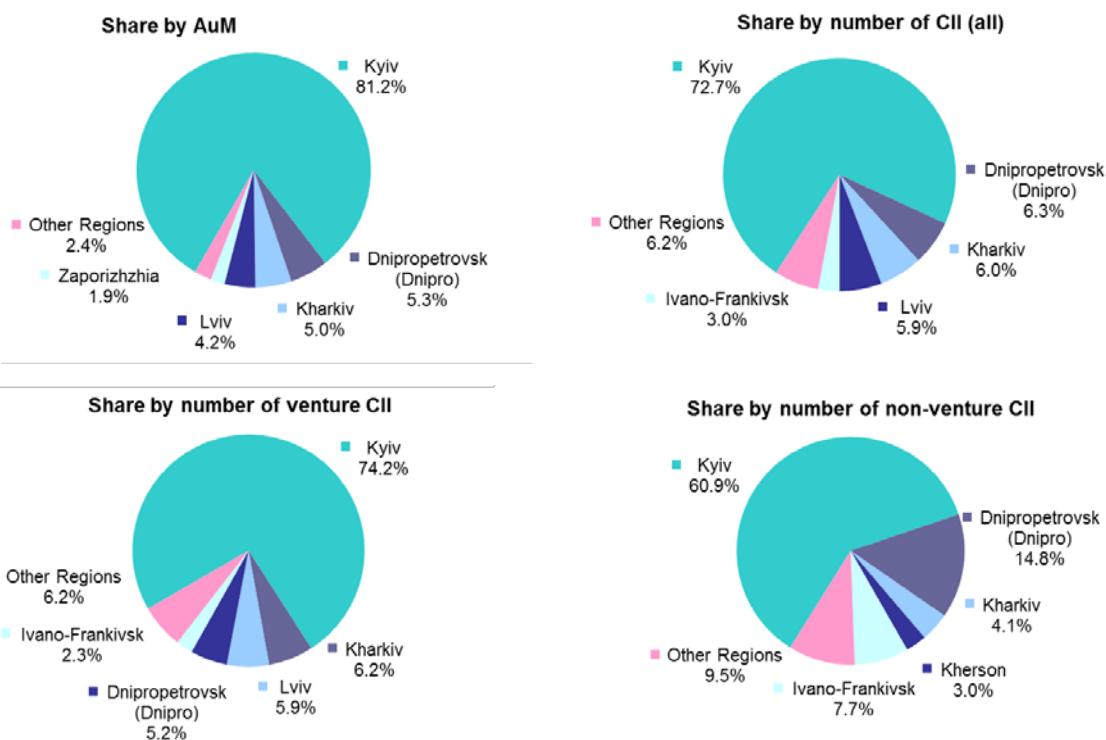


Chart 6. Regional distribution of CII by number and value of their assets under management as at 30.06.2020

2.3. Assets and Net Assets of CIIs

The total assets of all institutional investors under the AMC management, in the context of the pandemic and the quarantine measures introduced to overcome it, slowed down from 3.3% to 2.8% in Q2 2020 (annual growth accelerated to + 11.3%). From the beginning of 2020, they added 6.2% and amounted to UAH 377,182 million at the end of June.

CII assets under management, including those that have not yet reached the minimum standard, as of 30.06.2020 reached UAH 375,201 million. In April-June 2020, they also grew by 2.8% and 6.2% in the first half of the year, and the annual dynamics was slightly weaker

compared to the total assets of all institutional investors in management, but also accelerated at the end of June compared to March: + 11.2%.

The total assets of operating CII managed by AMC and reached the standards ("established" CII) slowed down somewhat - from 5.2%³ to + 4.0% for the quarter, although on an annualized basis - accelerated it from 12.4% in March to + 12.7% in June 2020. In the first half of the year the assets of the formed funds added 9.4%. At the end of June, they amounted to UAH 370,998 million.

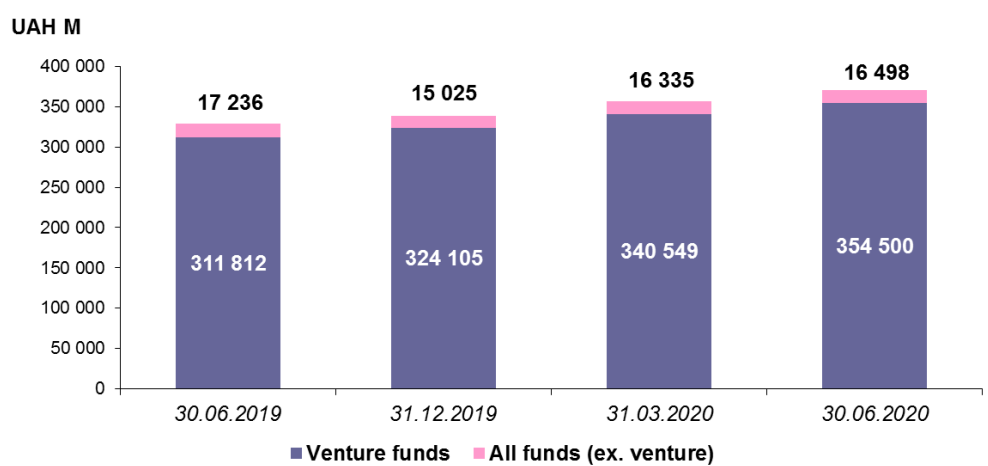


Chart 7. Dynamics of asset value of "established" CII under management in Q2 2019-2020

The growth of assets in Q2 was recorded in all sectors of CII by types of funds and methods of placement, except for closed-end CII with private placement (except for venture). However, despite the relatively faster growth in some sectors, the engine of the industry as a whole remained venture CII, the number of reports of which increased by 3.1% in Q2 and total assets by 4.1% (by 9.4% in the first half and by 13.7% in the year). %, up to UAH 354,500 million (Chart 7).

Assets of open-ended CII, with the same number of funds in the sector, grew by 4.3% in Q2, and those of closed-end CII - by 5.4%.

The leaders in terms of asset growth in Q2 2020 were closed-end CII, which added 5.4% of assets, with the same number of quarterly reports of such funds.

However, in terms of growth since the beginning of 2020 and in the last year, this CII sector was inferior to interval funds, which grew by 16.1% and 21.0%, respectively. This happened despite the lack of new funds of this type and in the conditions of negative stock market dynamics in these time periods. The number of interval CII investors also decreased during the year, but these funds received a certain inflow of capital from those who remained: the number of certificates in circulation increased by 0.7%. The rest of the increase in the sector's assets was apparently provided by the increase in the value of the fund's portfolio investments.

The only sector where assets decreased in Q2 2020 was closed-end CII (excluding venture capital), which lost 0.3%. At the same time, the number of reports of such funds was even higher than in Q1, by 6.1%.

³ The increase for Q1 was calculated on the basis of data as of December 31, 2019 according to the AMC annual reports on CII in management received at the time of preparation of the Review for Q4 2019 and 2019. As the completeness of reporting on 31.03.2020 was greater than on 31.12.2019, the quarterly increase as

a result of calculation according to the data for these dates was technically partially overstated.

The net asset value of CII that reached the standards accelerated in Q2 2020 from 5.0% to + 5.6%, and for the last 12 months - from 11.2% in March to 13.7%

in June. In the first half of 2020, NAV CII added 10.9% and as of June 30, 2020 reached UAH 289,685 million (Table 4).

Table 4. Dynamics of CII NAV, by fund type, in Q2 2020 and over the past year, UAH M

Funds	30.06.2019	31.12.2019	31.03.2020	30.06.2020	Q2 2020 change	YTD 2020	Annual change
Open-ended	86.0	82.6	86.6	90.3	4.3%	9.3%	5.1%
Interval	73.2	75.7	84.6	87.9	3.9%	16.0%	20.1%
Closed-end (ex.venture)	14 945.3	13 505.3	14 724.1	14 857.9	0.9%	10.0%	-0.6%
with public issue	2 707.1	2 557.9	2 733.2	2 910.2	6.5%	13.8%	7.5%
with private issue	12 238.2	10 947.3	11 990.9	11 947.7	-0.4%	9.1%	-2.4%
All funds (ex. venture)	15 104.4	13 663.6	14 895.2	15 036.1	0.9%	10.0%	-0.5%
Venture funds	239 679.7	247 542.2	259 427.0	274 649.1	5.9%	11.0%	14.6%
All funds	254 784.1	261 205.8	274 322.2	289 685.2	5.6%	10.9%	13.7%

* Acting CII that have reached the norms for minimal asset value (were recognized as valid), are managed by AMC and provided reports for the relevant period (as at the reporting date).

NAV of venture CII in Q2 2020 made a major contribution to accelerating growth, rising by 5.9% (after 4.8% in Q1). In six months it exceeded + 11.0%, and in the last year - 14.6% (after 12.3% in March). At the end of June, the net assets of the sector amounted to UAH 274,649 million. This corresponded to 94.8% of the total NAV of all operating CII.

Net assets of unchanged 17 open-ended CII in Q2 2020 slightly slowed down to + 4.3% from 4.8% in Q1. This time, almost half of the quarterly increase in NAV of open-ended CII was provided by net capital inflows (86% in Q1). In the first half of the year, NAV added 9.3% to the sector, two thirds of which was provided by net capital inflows.

The current annual change in the value of net assets of open-ended CII in Q2 went into the positive zone and amounted to + 5.1% at the end of June (after -0.8% in March). As of June 30, 2020, the NAV of this sector was equal to UAH 90 million.

The total CII NAV (except venture funds) in April-June 2020 slowed down to + 0.9% (from 9.0% in January-March), although it added as much as 10% since the beginning of the year. During the year, their dynamics was negative (-0.5%) - due to the reduction of NAV, CII with private placement (except for venture) were closed, which lost 2.4% of net assets. This was largely due to a decrease in the number of funds in the sector by two during this period (-5.4%).

In Q2 2020, the weight of all closed-end funds in CII NAV (except venture funds) decreased insignificantly within half a percentage point, to 98.8%. At the end of June, closed-end funds with public issue gained in weight, to 19.4%, from 18.3% in March. The share of open-ended and interval funds remained within 0.6% for each (Chart 8).

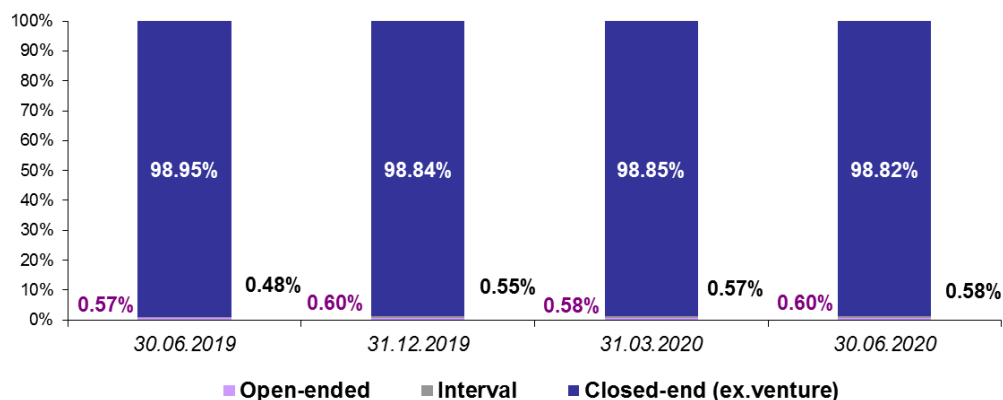


Chart 8. Dynamics of non-venture CII's NAV breakdown, by fund types in Q2 2020 and for the year

Venture CII had the fastest growth in net assets in Q2 2020 compared to other fund sectors (except for closed-end public offerings, which are much smaller than

total NAV). Thus, they regained the share of 94.8% of total net assets of all CII, which they had at the beginning of the year, after some decrease in the previous quarter (Chart 9).

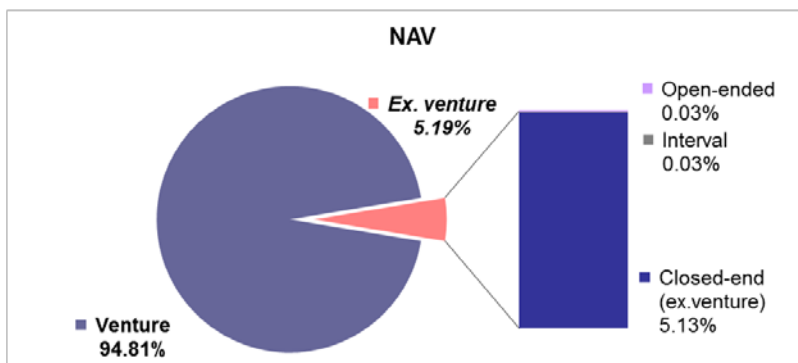


Chart 9. Distribution of CII NAV by fund types as at 30.06.2020

2.4. Net Capital Flow in Open-Ended CII

In Q2 2020, capital inflows to Ukrainian open-ended CII significantly decreased after a record 9-year figure in Q1. The decline in additional revenues to funds in April was replaced by a return in May to the March level - UAH 2 million, more than 90% of which provided an inflow to one fund.

After a short rise in the stock market of Ukraine in May, when the UX index rose by 6.8%, in June there was an outflow from several open-ended funds. Its size in one of them was even larger than in the sector as a whole, as one fund was able to attract relatively significant additional investments in June. Finally, the total net losses of open-ended CII for the last month of the quarter were less than UAH 0.7 million (Chart 10).

Of the 17 open-ended CII that reported during April-June 2020, 10 funds had some capital movements.

There were 6 funds that had a net outflow in Q2 (as in Q1), and their total net losses from investor output for the quarter amounted to UAH 0.3 million (after UAH 4.1 million). Almost half of this amount fell on one fund (in Q1 - 89% of the total outflow). This fund still belonged to the class of mixed investment funds by its asset structure.

There were three funds with a net inflow in April-June 2020 (after 4 in January-March). Their total additional revenues for Q2 amounted to UAH 2.1 million (after UAH 7.5 million for Q1). More than half of this amount was provided by one bond fund belonging to this class throughout the quarter (in Q1 it yielded 75% of the total inflow). Another 45% of them received another mixed investment fund (17% in Q1).

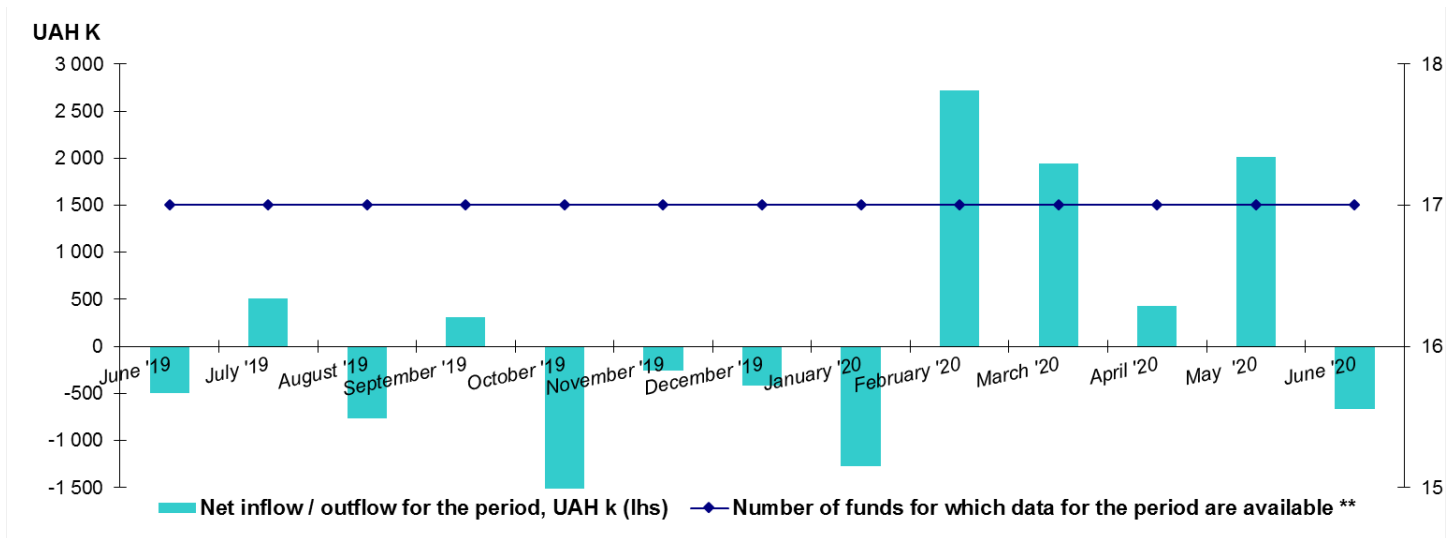


Chart 10. Monthly net flow of capital of open-ended CII in June Of 2019-20 (based on daily data)

In general, the number of funds with a net outflow during Q2 2020 ranged from 2 in May to four or five in April-June, and the number of funds with a net inflow - from two in April-May to one in June.

Additional investments in open-ended funds in this period were again made mainly by resident retail investors, the number of which in one of the funds with the largest inflow increased by 13%.

The total net capital inflow in open-ended CII in Q2 2020 slowed down to UAH +1.8 million, from UAH +3.4 million in Q1 (Chart 11).

This provided an inflow of UAH 5.2 million from the beginning of the year and, as a result, a change in the sign of the **annual capital flow in open-ended CII**, which became positive again at the end of June 2020: **UAH +3.0 million** (after UAH -0.3 million in March).

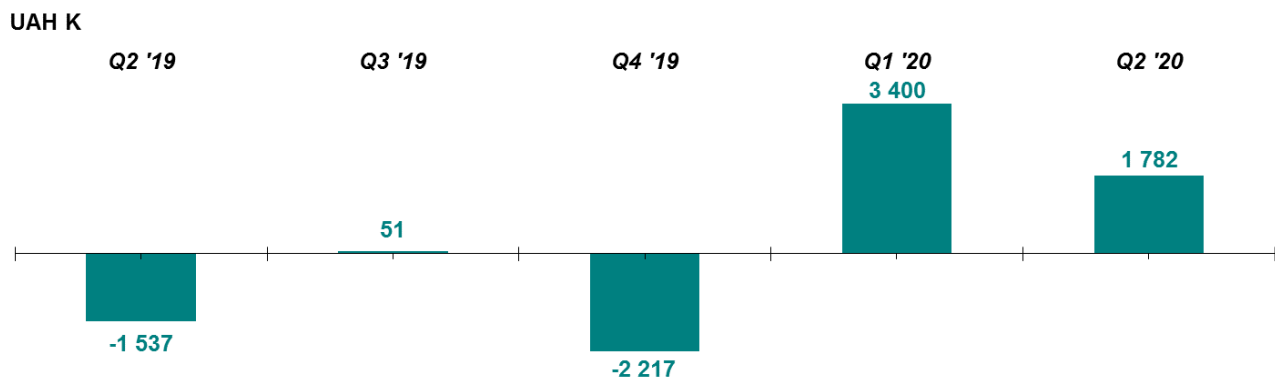


Chart 11. Net flow of capital of open-ended CII in Q2 2019-20, quarterly

Despite the economic downturn in the leading European countries within 10-15% per annum in Q2 2020, in the context of the corona crisis, EU investment funds received a new impetus from the surge in investor confidence and, consequently, a sharp resumption of capital inflows. This was due to the large-scale monetary and fiscal stimulus approved and launched by governments, regulators and international financial

institutions to overcome the effects of the Covid-19 pandemic, and the easing of quarantine restrictions in most EU countries during this period.

The change in the direction of capital movements had the most noticeable pendulum-like character in the most common and aimed mainly at retail investors funds such as UCITS⁴.

⁴ In this context, long-term UCITS funds are all classes of UCITS except money market funds. UCITS (Undertakings for Collective Investment in Transferable

Securities) - enterprises for collective investment in negotiable securities (those that are in circulation in regulated markets); are open-ended funds with public



In Q2 2020, the **net inflow to the EU investment fund industry, according to EFAMA, amounted to EUR 273 billion** (after +EUR 125 billion in Q1 and +EUR 86 billion a year ago)⁵.

More than 99% of this figure was provided by **UCITS**, which received net revenues in April-June of **EUR 272 billion** (after –EUR 176 billion in Q1 and +EUR 38 billion last year). This is the highest since Q1 2015. At the same time, all major categories of long-term UCITS recorded a net inflow.

The largest net sales among UCITS in Q2 2020 had money market funds, which in the 1st quarter had a relatively best result: + EUR 136 billion (after EUR 1 billion in Q1 and +EUR 4 billion a year ago). This was the largest quarterly net capital inflow to this category of funds in history.

UCITS bond funds also received significant additional investments of +EUR 84 billion, but were unable to fully offset losses for the previous quarter (-EUR 98 billion), although this inflow was higher than in the second quarter of 2019 (+EUR 77 billion). Equity funds received an additional EUR 39 billion in April-June 2020 (after –EUR 47 billion in January-March and –EUR 35 billion a year ago), and mixed-end funds received +EUR 13

billion (after –EUR 21 billion and +EUR 24 billion respectively).

AIF⁶ funds in Q2 2020 received a net inflow of EUR 1 billion (after + EUR 51 billion in Q1). At the same time, certain categories of AIF funds experienced a net outflow of capital. Thus, bond funds lost -EUR 15 billion (after +EUR 16 billion in Q1 and +EUR 5 billion a year ago). AIF mixed assets had –EUR 12 billion (after +EUR 9 billion and +EUR 11 billion respectively). Equity funds lost another EUR 6 billion (after –EUR 5 billion and +EUR 1 billion respectively).

Net sales among AIF in April-June 2020 again had real estate funds (+EUR 9 billion, after +EUR 10 billion in January-March and +EUR 6 billion a year ago) and "other" funds⁷ (+EUR 25 billion, after +EUR 21 billion and +EUR 24 billion respectively).

The total NAV of the fund industry in the EU grew strongly in Q2 2020, recovering after the failure for Q1: + 8.9% (after -11.6%). At the end of June, it again crossed the 17 trillion euro mark, more than 61% of which were in UCITS.

UCITS net assets jumped 11.2% (after -14.5%), both due to a significant net inflow and a larger share of their equity investment portfolios, which rose sharply during this period. NAV AIF added 5.7% in Q2 (after -7.5% in Q1)..

2.5. CII Investors

In Q2 2020, the main previous trends in the distribution of CII NAV by property of different categories of investors persisted. The share of the largest CII investors, **resident legal entities**, continued to decrease in June they already owned 51.3% of the net assets of all CII (Chart 12), after 53.2% in March. This trend was accompanied by an increase in the total value of investments of domestic enterprises in funds, which, however, was repeatedly inferior to other categories of CII participants (+1.8%, after -5.7% in Q1).

In venture CII, the total value of investments of local enterprises in Q2 2020 increased by 1.8% (after -6.0% in Q1). Their share in this sector decreased from 55.1% in March to 53.0% in June.

In open-ended funds, it grew relatively the most among all types of investors (+ 8.1% in Q2, after + 4.2% in the previous quarter). At the same time, in absolute terms, the total value of investments of this category of fund participants was inferior to others, in particular individual investors - residents. The weight of Ukrainian enterprises in the NAV of open-ended CII rose, respectively, from 10.8% in March to 11.1%.

In Q2 2020, **resident individuals** once again significantly increased their total funds in CII (+UAH 4.9 billion, or + 7.0%). At the same time, the increase in the total value of their investments in venture funds was slightly larger than the increase in investments in CII. This was since the funds of these investors in closed-end CII of

placement of strict requirements for the composition, quality, liquidity and structure of assets. Regulated by the relevant Directive (Directive 2009/65 / EC of 13 July 2009, as amended by Directive 2014/91 / EU of 23 July 2014) and other related acts of EU legislation..

⁵ According to the available data on the 28 countries whose associations are members of EFAMA (24 EU member states, including Poland (former EFAMA member), as well as Liechtenstein, Norway, Switzerland and Turkey), see EFAMA Quarterly Statistical Release (Q2 2020) at: <https://www.efama.org/Pages/Submitted%20after%202018-03->

[12T16%2022%2007/Investor-confidence-in-Q2-results-in-sharp-rebound-in-sales-of-UCITS.aspx](https://www.efama.org/Pages/Submitted%20after%202018-03-12T16%2022%2007/Investor-confidence-in-Q2-results-in-sharp-rebound-in-sales-of-UCITS.aspx).

⁶ AIF (Alternative Investment Funds) – alternative investment funds; in fact include all other regulated funds that are not UCITS. Companies that manage such funds are regulated by the AIFMD Directive (Directive 2011/61 / EU of 8 June 2011).

⁷ This category of AIF includes equity funds, bonds and mixed assets in Ireland due to the lack of data on their distribution by these sectors.

other categories decreased, and in open-ended and interval CII increased by smaller amounts.

In open-ended CII, they increased by 4.5% in Q2 (after + 5.3% in Q1), which increased their weight among all categories of investors from 78.4% in March to 78.6% in June.

In general, the weight of individual investors resident in Ukraine in terms of total NAV continued to increase in all CII as a whole: from 25.9% in March to 26.2% in June. It also increased in all sectors of CII with public placement and in venture funds (from 23.0% to 23.5%).

The total value of investments of **foreign investors** in Q2 2020 increased in each sector of closed-

end funds and in all CII as a whole (+ 13.4%, after + 2.6% in Q1).

At the end of June, as before, more than 99% of foreign investments in CII were held by non-resident enterprises. Also, 99% of these funds were in venture funds, where the weight of all non-residents in NAV, in contrast to Q1, increased - from 21.9% in March to 23.5% in June. In all CII it rose from 20.9% to 22.4% in Q2.

In April-June 2020, funds of non-resident enterprises in open-ended funds decreased by 1.4%, while those of foreign retail investors increased by 7.2%. Finally, the total weight of non-residents in the NAV of this sector fell from 10.8% in March to 10.3% in June (including enterprises - from 10.6% to 10.0%).

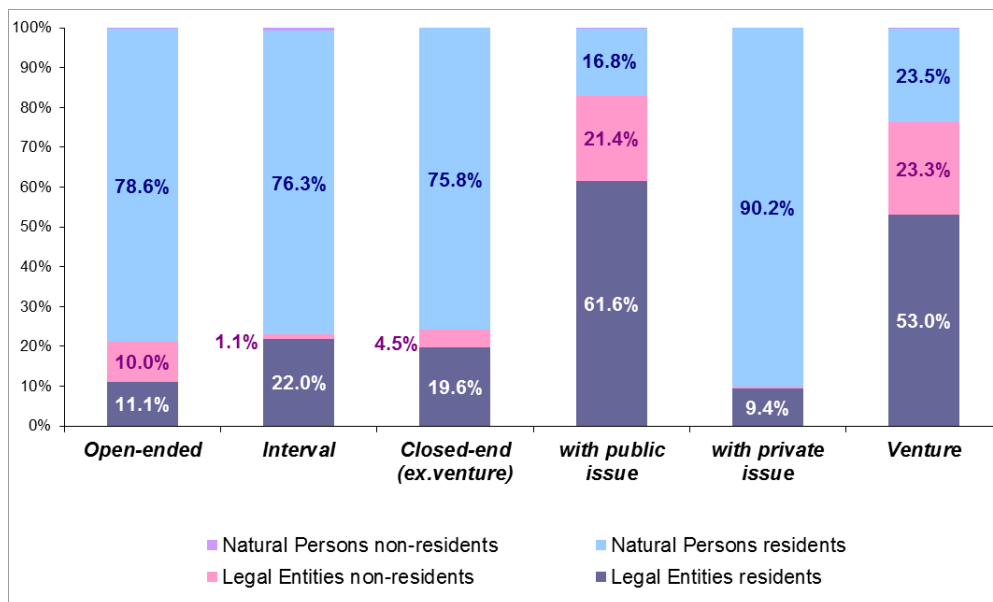


Chart 12. Investments in CII by category of investors as at 30.06.2020, share in NAV⁸

The number of CII investors as of June 30, 2020 was 259,191 (Table 5). At this moment, as in March, 98.6% were natural persons - residents of Ukraine, 96.4% - participants of interval funds⁹, 0.6% - open-ended funds, 1.6% - venture CII.

During Q2 2020, the number of investors in CII increased again, although insignificantly: +14 (+ 0.01%, after + 0.1% in Q1). Positive dynamics was provided by **resident individuals** (+66 persons, or + 0.03%). Instead, the number of **resident legal entities** decreased (-50, or -1.6%), which affected all sectors of closed-end funds.

At the end of June, there were 1,567 participants in open-ended funds (+6, or + 0.4% in Q2 2020, after - 4.4% in Q1). All new investors - retail investors - residents, which determined the dynamics of participation in the sector in the previous quarter. Their number increased to 1,545.

The number of investors in interval CII increased as well (+11, or + 0.004%, after -0.02% in January-March) - also, entirely at the expense of local individual participants. In general, as of June 30, 2020, the number of investors in this sector remained the largest - 249,822.

⁸ Excluding funds' bearer securities which are in circulation.

⁹ This is due to the activities of several funds, which were reorganized from the former mutual funds into interval CII and which have a relatively large number of small participants.

Table 5. Investors of CII by categories, number and share of the total number as at 30.06.2020

Funds	Legal Entities				Natural Persons				TOTAL
	residents		non-residents		residents		non-residents		
Open-ended	18	1.15%	3	0.19%	1 545	98.60%	1	0.06%	1 567
Interval	17	0.01%	1	0.00%	249 785	99.99%	19	0.01%	249 822
Closed-end (ex. venture)	335	9.02%	15	0.40%	3 356	90.34%	9	0.24%	3 715
with public issue	157	4.53%	10	0.29%	3 289	94.92%	9	0.26%	3 465
with private issue	178	71.20%	5	2.00%	67	26.80%	0	0.00%	250
All (ex. venture)	370	0.15%	19	0.01%	254 686	99.84%	29	0.01%	255 104
Venture	2 769	67.75%	370	9.05%	937	22.93%	11	0.27%	4 087
All	3 139	1.21%	389	0.15%	255 623	98.62%	40	0.02%	259 191

In Q2 2020, the number of participants in venture CII increased by only 33 (+ 0.8%, after + 11.2% in Q1). At the same time, the number of resident individuals increased (+71 persons, or 8.2%), while the number of resident enterprises decreased (-37 or -1.3%). In total, there were 4,087 investors in this sector at the end of March.

In closed-end funds, except for venture funds, the number of investors decreased: from -0.9% in funds with public placement to -1.6% - with private placement. This was due to residents: for the former - mostly to individual investors (-26 people), for the latter – to businesses (-8).

Thus, the number of **resident individual investors** in Q2 2020 increased in all sectors of CII by type of funds and methods of placement, except for closed

- with public. In closed-end funds with private placement (except for venture funds), although their number increased by only 4 persons, it was quite significant (+ 6.3%) for all investors in the sector.

In general, **non-residents** slightly reduced their presence in CII in Q2 2020 (-0.5%) to 429. However, this happened only at the expense of individuals (-2, or -4.8%), while the number of corporate investors in funds has not changed (389). By CII sectors, one non-resident investor decreased in venture funds (-8.3%) and one in closed-end funds (-10.0%).

The share of all non-residents by number among CII participants did not change: 0.2%. In venture funds it decreased insignificantly, from 9.4% in March to 9.3% in June, in open-endy funds it remained within 0.3%.

2.6. CII Asset Structure

In April-June 2020, in contrast to the previous quarter, in the structure of CII assets, securities had different dynamics by weight in the assets of different CII sectors by types of funds and methods of placement. Their share decreased further only in interval and venture CII, which was due to a relatively faster growth of other components of assets. However, this decrease was insignificant (Table 6).

The total value of all securities in assets in Q2 increased in all CII sectors.

In open-ended CII and closed-end CII - with public placement, the increase in the volume and share of investments in stock market instruments was mainly due to government and municipal bonds, while closed-end CII with private placement - due to shares. In interval funds, the volume of "other" securities, including Eurobonds of the Government of Ukraine, increased significantly, and the decrease in the weight of stock instruments in the

assets of this sector was caused by a decrease in the total value of the block of shares.

As of the end of June 2020, securities retained a key role in the assets of open-ended and interval CII (over 64%, after 58% in March, and over 78%, after 82%, respectively). In the former, shares still prevailed, although OVDPs also played a significant role; and in the latter, government bonds weighed almost twice as much as equities (Chart 13). In closed-end CII, the weight of securities increased sharply in April-June - from 16% to 26% - due to the increase in the OVDPs package and local council taxation, as well as some increase in the corporate bond package.

In closed-end CII with private placement (except venture), the share of stock instruments during this period remained within 9%. Almost two-thirds of them were shares, which were almost the only class of instruments whose value increased in Q2 (except for corporate and government Eurobonds).

Table 6. Changes in the structure of aggregated CII portfolios by fund types in Q2 2020

Asset Type / CII Type / Quarterly Change	Open-ended		Interval		Closed-end- with public issue		Closed-end- with private issue		Venture	
	p.p.	%	p.p.	%	p.p.	%	p.p.	%	p.p.	%
Other assets (Incl. R and CR)	1.26	20.2%	3.39	85.3%	-3.60	-5.0%	-0.28	-0.3%	0.23	0.3%
Real estate	-	-	-	-	0.00	-5.2%	0.08	12.1%	-0.05	-1.5%
Cash and bank deposits	-7.68	-22.0%	-2.91	-21.0%	-6.77	-58.2%	-0.20	-9.1%	0.08	5.8%
Bank metals	-0.01	-0.7%	-	-	0.00	-1.8%	-	-	0.00	-0.2%
State bonds (OVDP)	5.19	22.1%	-1.91	-3.7%	9.58	140.9%	-0.33	-76.3%	-0.07	-27.4%
Municipal bonds	1.61	93.2%	-	-	-	-	0.00	0.3%	0.00	-86.5%
Equities	-0.33	-1.0%	-2.03	-6.6%	-0.45	-5.9%	0.47	9.0%	-0.03	-1.0%
Corporate bonds	-0.04	-4.3%	-0.03	-4.3%	0.07	8.6%	0.01	0.2%	-0.20	-6.4%
Promissory notes	-	-	-	-	-0.03	-5.2%	0.00	0.3%	-0.08	-3.3%
Other securities & derivatives	-	-	3.47	-	0.08	-	0.24	-	0.12	20.2%
Securities & derivatives	6.43	11.1%	-0.49	-0.6%	10.37	66.2%	0.40	4.6%	-0.26	-2.7%

Government bonds (OVDPs), whose rates jumped at the end of the 1st to the beginning of Q2 amid the coronary crisis, increased their weight in open-ended fund assets to 28.7% at the end of June 2020, from 23.5% in March.

In interval CII, the OVDPs package decreased insignificantly, although the OVDPs increased. As the total value of the securities portfolio of these funds increased, the share of the former decreased from 50.9% in March to 49.0% in June. However, taking into account OZDP, government bonds increased in weight to more than 52% of the assets of interval funds.

In closed-end funds with public placement, the share of OVDPs in Q2 2020 increased 2.5 times - from 6.8% to 16.4% - due to a 1.6-fold increase in the package of these securities and a decrease in the value of some other asset items of these CII.

Municipal bonds have become increasingly popular with fund managers, along with an increase in the number of issues listed on stock exchanges. Although their share in the assets of various sectors of CII has so far remained very small.

Exceptions were CII, in the assets of which the total package of local council bonds doubled in Q2, which expanded its share in the assets of the sector from 1.7% to 3.3%.

In closed-end CII with private placement, neither their total cost nor weight changed almost (0.1%). During April-June 2020, these instruments also appeared in the

assets of closed-end CII with public placement and accounted for 1.1% of them.

At the end of June 2020, **equities** retained the largest share among stock market instruments and asset classes in open-ended CII - 31.1% (after 31.5% in March). The growth of the total value of their package was slower than the growth rate of investments in state and municipal securities and other assets.

In interval funds, the block of shares decreased, which against the background of the general positive dynamics of the securities portfolio of these CII, as well as their assets in general, reduced the weight of the former further - from 30.5% in March to 28.6% in June.

Corporate bonds still accounted for a significant share of assets only in the private equity sectors. The package of such instruments in these CII (except for venture) did not change for Q2 - as well as its weight in their assets - 2.5%.

Cash on current and deposit accounts of CII in April-June 2020 decreased in volume and lost weight in all sectors by types of funds and methods of placement (except venture).

They lost the lead and became the third largest component of consolidated assets of open-ended CII (27.2% in June, after 34.8% in March). In interval funds, they maintained the same position in assets, with a decrease in the share for the quarter from 13.9% to 11.0%. In closed-end CII with public offering, the weight of money in assets fell more than twice - from 11.6% to 4.9%.

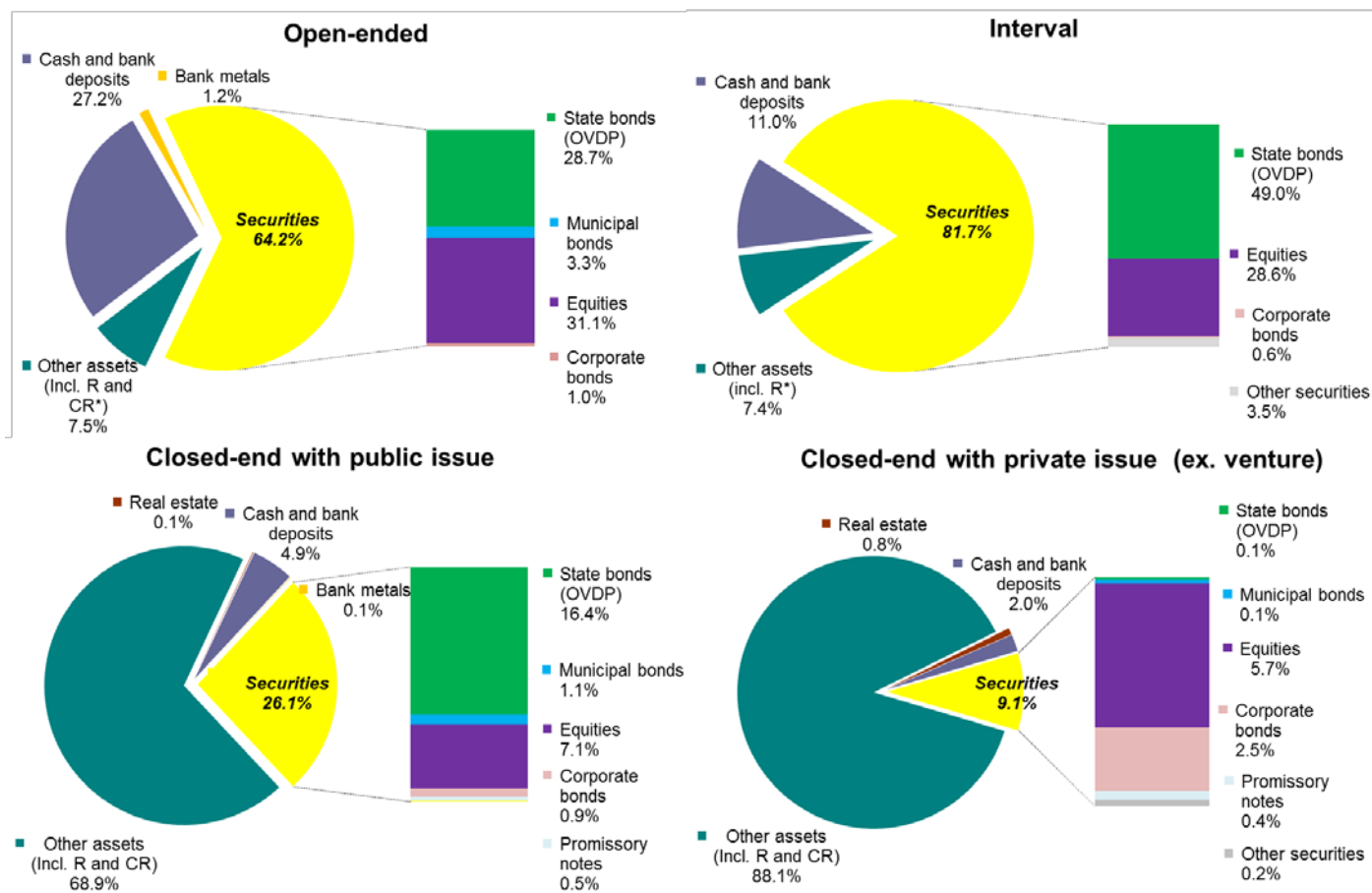


Chart 13. CII asset structure by fund types as at 30.06.2020

* R - receivables.

"Other" assets¹⁰ remained the largest component of the assets of venture and other closed-end funds. In closed-end CII with public placement, their volume increased insignificantly, as a result of which the weight of "other" assets fell again here - from 72.5% to 68.9%. In closed-end CII with private placement, these assets decreased more than other assets in this sector, so their weight dropped from 88.4% to 88.1%. In venture funds, "other" assets continued to grow dynamically (+ 4.5%). Their share in the total assets of the sector increased from 85.5% in March to 85.7% in June (Chart 14). As of June 30, 2020, their value reached almost UAH 304 billion.

Real estate in venture funds at this time also increased in total value, but its share in the sector's assets decreased by 3.6%.

The assets of venture CII in **stock market instruments** also grew weaker than the total assets of the sector, so their weight decreased from 9.5% to 9.2%.

Among securities classes, blocks of shares (+ 3.2%) and promissory notes (+ 0.8%) increased, while bonds of enterprises, the state and local councils decreased (-2.4%, -24.4% and -85.5%, respectively).

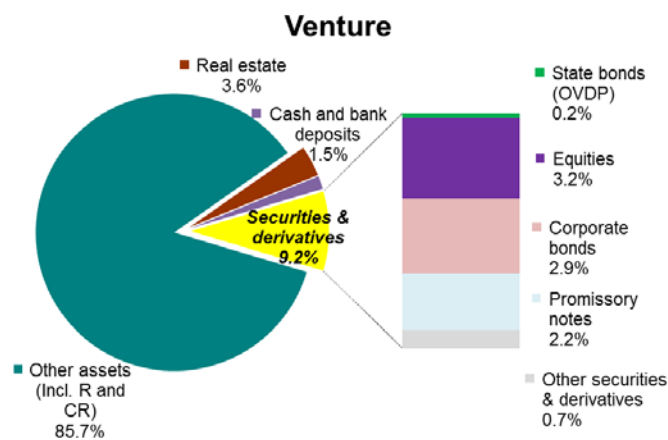


Chart 14. Structure of venture CII assets as at 30.06.2020

* R and CR - receivables (including loans) and corporate rights

¹⁰ "Other" assets include corporate rights, expressed in forms other than securities, as well as receivables, including loans to companies in which CII have a share in the capital (for venture funds).

The portfolio of securities and derivatives of all CII grew in Q2 2020 by UAH 0.9 billion (+ 2.7%, after -2.6% in Q1). As of June 30, 2020, it cost UAH 34,895 million (Table 7). The dynamics of the portfolio in terms of corporate securities is still determined by the largest sector - venture CII.

In April-June, the total number of shares for all CII increased by 3.4% (after + 4% in Q1), which raised their weight in the consolidated financial portfolio of CII from 34.9% to 35.1%.

Corporate bonds, as in Q1 2020, were the only class of instruments in Q2, the volume of which decreased (- 2.3%, after -17.5%). Finally, their share in the consolidated CII portfolio decreased again - from 32.3% to 30.7%.

The package of promissory notes increased by only 0.8% (after + 3.8%). This reduced their share in the CII portfolio from 23.2% to 22.8%.

The volume of OVDPs in the consolidated CII portfolio increased by 9.5% in Q2 2020 (after + 65.3% in Q1). This increased its weight in the CII aggregate securities portfolio from 3.6% in March to 3.9% in June.

Derivatives in the portfolio of CII financial instruments added 27.1% in April-June, and their weight increased from 5.9% to 7.4%, together with "other" securities, the share of which in this consolidated category at the end of June was 0.8%.

Table 7. Portfolio of CII securities and derivatives, as at 30.06.2020

Security Type	Aggregate value of securities in CII's portfolios, UAH M	Share in the aggregate portfolio of CII's securities	Q2 2020 change, UAH M	Q2 2020 Change, %
Equities	12 248.0	35.1%	402.0	3.4%
Corporate bonds	10 710.5	30.7%	-251.5	-2.3%
Promissory notes	7 961.6	22.8%	62.2	0.8%
State bonds	1 347.0	3.9%	117.0	9.5%
Municipal bonds	63.3	0.2%	30.5	92.7%
Derivatives	2 564.9	7.4%	546.9	27.1%
TOTAL	34 895.2	100.0%	907.0	2.7%

The CII portfolio, except for venture funds, grew by 26.5% in April-June 2020 (after -0.7% in Q1), which is partly explained by the larger number of funds reporting for the quarter. At the end of June, it cost UAH 2,242 million (Table 8).

Shares held the lead, although their weight decreased from 55.3% of the consolidated portfolio of these CII to 46.2%.

The second position was maintained by OVDPs, whose volume in this sector of funds almost doubled (+

92.5%, after + 5.1% in Q1). Their weight rose from 20.1% in March to 30.6% in June.

Corporate bonds continued to lose weight, despite some increase in the consolidated portfolio of non-venture funds (+ 1.2% in Q2 2020, after -6.3% in Q1). Their share here mixed from 19.9% to 15.9%.

Local bonds, which more than tripled in the quarter, grew from 1.1% to 2.7%.

Table 8. Portfolio of securities and derivatives of CII, excluding venture ones, as at 30.06.2020

Security Type	Aggregate value of securities in CII's portfolios, UAH M	Share in the aggregate portfolio of CII's securities	Q2 2020 change, UAH M	Q2 2020 Change, %
Equities	1 036.8	46.2%	56.1	5.7%
State bonds	686.2	30.6%	329.7	92.5%
Corporate bonds	357.0	15.9%	4.3	1.2%
Promissory notes	63.9	2.8%	0.0	0.0%
Municipal bonds	61.4	2.7%	42.2	219.5%
Derivatives	37.1	1.7%	37.1	-
TOTAL	2 242.4	100.0%	469.4	26.5%

Diversified CII in Q2 2020 also increased their consolidated securities portfolio - by 12.5% (after -6.6% in Q1). Packages of all classes of instruments increased, except for corporate bonds, the share of which decreased by 1.7% to 1.5%.

The block of shares here grew by 1.1%, but its weight fell against the background of faster growth of investments in other instruments (from 64.8% in March to 58.2% in June).

The total value of OVDPs in the equity portfolio of diversified CII increased by 30%, and their weight increased from 31.1% to 36.0%.

Municipal bonds doubled, increasing their weight from 2.4% to 4.3%.

As of June 30, 2020, this portfolio was worth UAH 70 million. (Table 9).

Table 9. Portfolio of securities and derivatives of diversified CII as at 30.06.2020

Security Type	Aggregate value of securities in CII's portfolios, UAH M	Share in the aggregate portfolio of CII's securities	Q2 2020 change, UAH M	Q2 2020 Change, %
Equities	40.9	58.2%	0.4	1.1%
State bonds	25.2	36.0%	5.8	30.0%
Municipal bonds	3.0	4.3%	1.5	101.4%
Corporate bonds	1.0	1.5%	0.0	-0.5%
TOTAL	70.2	100.0%	7.8	12.5%

2.7. Rates of Return: CIIs and Other Areas of Investment

In April-June 2020, the securities market in Ukraine mostly moved down, eventually losing 2.3-2.9% on the PFTS and UX indices. Against this background, the quarterly profitability of almost all CII sectors by types of funds and asset classes deteriorated, although in a quarter of them it remained positive. Equity funds, as well as mixed investments, suffered the most again. At the same time, bond funds kept it at a competitive level with other areas of investment, while having higher liquidity.

Bank term (annual) deposits in gold remained the most profitable tool for retail investors outside the CII industry. Further growth in the price of banking metal, although significantly slower than in the previous quarter, ensured the return on gold deposits at + 4.5% in Q2 2020 (after + 27.6% in Q1).

Deposits in foreign currency this time were among the outsiders, as they caused losses in hryvnia terms due to the revaluation of the national currency in April-June. Quarterly income fell to -4.4% in US dollars (after + 21.5% in Q1) and to -3.1% in euros (after + 20.7%). Deposits in hryvnia, whose rates fell significantly before the beginning of the quarter, yielded an average of 3.0% in April-June (after + 4.4% in January-March).

Residential real estate in Kyiv in Q2 2020 fell by 5.0% in hryvnia (after + 19.9% in Q1) - also mainly due to the change in the national currency (Chart 15).

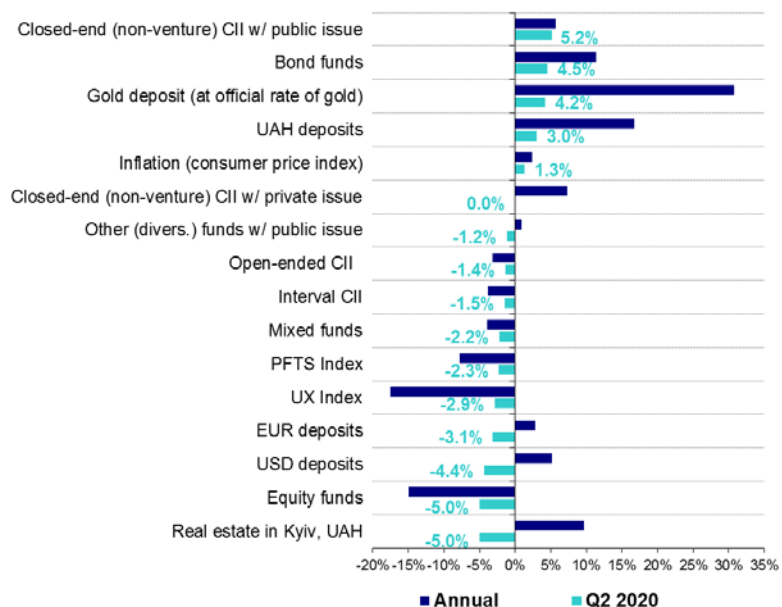


Chart 15. Rates of return – CII, deposits, equity indexes and inflation rates in Q2 2020 and over the past year¹¹

¹¹ CIIs' rates of return are calculated based on the reporting data for Q1 2019 for 17 open-ended, 15 interval, 68 closed-end CII (including 35 funds with public issue and 33 funds with private issue), and according to the reporting data for previous periods. Inflation is calculated based on data of the State Statistics Service of Ukraine (before the previous month). Rates of return for real estate in USA dollars

is calculated as the average of data on value of residential real estate in Kyiv from portals: <http://www.domik.net>, <http://100realty.ua>, <http://realt.ua>; in hryvnia - according to the portal: <http://100realty.ua>.

Among all categories of CII in general and among CII by types of funds by types of placement in particular, in Q2 2020 the highest average yield had **closed-end CII with public placement** (+ 5.2%, after + 1.1% for Q1). The range of indicators of various funds narrowed slightly and rose from the lower limit: from - 5.5% to + 56.1%), and from the 31st CII of this sector, the growth of investments was provided by 14 funds (45%, after 30% in Q1).

Closed-end CII with private placement (except for venture funds) on average only kept the value of investments of their participants in Q2 (after + 1.3% in Q1). The range of quarterly results of these funds expanded significantly (from -82.6% to + 77.7%). At the same time, 15 out of 30 funds showed an increase in the value of their securities for this quarter (50%, after 43% in Q1).

Open-ended CII decreased in average to negative yield: -1.4% in Q2 (after + 0.4% in Q1). Indicators of individual funds of this type varied in the expanded range, which decreased: from -38.8% to + 8.2%. Excluding extreme funds on both sides of the range, it was many times narrower and the average yield was positive (+ 0.5% for 15 funds). Out of 17 CII in sector 8, the value of their certificates increased in Q2 2020 (47%, after 53% in Q1). Three open-ended funds were more profitable this quarter than term annual deposits in hryvnia and gold, 6 at least offset inflation, 14 were better than the PFTS index, 15 were better than UX and foreign currency deposits, and 16 were better than residential real estate.

Interval funds in Q2 2020 again had the lowest average return among CII sectors by type of fund: -1.5% (after + 0.1% in Q1). The range of individual funds in this sector narrowed and fell in April-June: from -17.7% to + 3.6%. The increase in the value of certificates was shown by 6 out of 15 such funds (40%, after 53% in Q1).

3. Summary

Under the government's quarantine restrictions on the COVID-19 pandemic in Ukraine, which, among other factors, caused a significant economic downturn in Q2, the Ukrainian asset management industry, including mutual

Among diversified and specialized funds with public issue by asset class, the leaders in terms of yield in Q2 2020 were again **bond funds**: + 4.5% (after + 5.2% in Q1)¹². Only one of the 5 such funds had a negative return due to its predominant investments in foreign currency assets. Three funds provided an increase in the value of investments in them over the return on term annual deposits in hryvnia and gold for Q2.

"Other" diversified and specialized funds with public placement in Q2 2020 had a negative return (-1.2%, after + 3.7% in Q1). One of the 4 such funds brought a positive income higher than inflation.

Mixed investment funds also worsened their quarterly result: -2.2% (after -0.3% in January-March). However, again 8 out of 20 CII had positive indicators (40%). Two funds of this class in Q2 were more profitable than hryvnia deposits, 6 - at least offset inflation, 15 - had lower losses than the PFTS index, 18 - than the UX index, foreign currency deposits and residential real estate in Kyiv.

Equity funds in April-June 2020 for the 7th consecutive quarter had a negative average result, which was also once again the lowest among classes and types of CII: -5.0% (after -1.0% in Q1). Among them, only one fund had a positive return (after two, which accounted for 50% in Q1). Three of these 4 CII had lower losses than the PFTS and UX indices for this quarter.

From the beginning of 2020, the most profitable were bond funds (+ 9.9%) and closed-end CII with public offering (+ 6.3%). Interval CII (-1.4%) and equity funds (- 5.9%) were the least profitable.

Over the last year, in June, the highest average income was also generated by bond funds (+ 11.3%), and among the CII sectors by type of fund, private-placement private placement (+ 7.3%). Interval CII (-3.8%) and equity funds (-14.9%) also had the lowest average annual.

funds, continued to grow extensively, mainly through new funds.

The key trends of the asset management industry in Ukraine in Q2 2020 were:

¹² In order to adequately compare rates of return of different types of investment (types of assets), it is necessary to consider liquidity of CII, in particular, open-ended ones, which allow to exit investments on any working day without loss of profitability, as opposed to fixed-term bank deposits, which mainly involve the conversion of interest. income at early repayment of deposits at current accounts

(close to zero). At the same time, the calculated profitability of the CII does not take into account the possible commissions and other expenses when entering / leaving the funds. It also does not include taxation of investment income when leaving the fund and taxation of interest on deposits.



- Further increase in the number of registered CII and the number of formed ("established") CII almost entirely due to venture funds, in particular CIF;

- Increase in the total value of assets and NAV of all CII in general and in each individual sector by type of funds (except for private CII with private placement), while:

- Weakened role of net capital inflow in the growth of NAV of open-ended CII;

- For the second time in a row increase in the number of investors in CII, this time - at the expense of individuals in almost all sectors of the funds;

- Continuation of the tendency to decrease the weight of resident enterprises in the NAV of all CII due to a relatively weak increase in their investments compared to other categories of investors;

- Slow increase in the total funds of individual investors - residents of Ukraine in CII - mainly in venture;

- Further growth of total funds of non-resident investors in CII in general and in all sectors of closed-end funds, despite a slight decrease in the number of foreigners;

- Reversal of the tendency to decrease the weight of securities in the assets of the open and closed-end CII sectors (except venture capital) - mainly due to the growth of investments in government and municipal bonds;

- Decrease in quarterly profitability in all CII sectors by types of funds and asset classes, except for one, while maintaining a positive return in two sectors.

Mostly negative dynamics of the stock market in Q2 2020 reduced the yield of CII, especially those who invest in equities. However, even though only bond funds and closed-end funds with public offering provided an increase in the value of investments in them during this period, in each sector of CII there were funds with positive returns. A few funds of different types and classes also performed better than other areas of investment and stock indices.

Despite the weakening of capital inflows to open-ended CII in Ukraine, retail investors - residents of Ukraine at this time have shown increased interest in both open-ended and interval funds, and not only to closed-end funds, as in previous quarters. However, the most in demand was the venture CII sector, which received additional funds from all major categories of investors.

See additional and statistical information on the UAIB website:

- [The Ukrainian Fund Market in Figures](#)